
SENATE BILL No. 250

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-4.5-3-508.

Synopsis: Small supervised loan finance charges. Requires the calculation of the loan finance charge for certain small supervised loans to include the amount of fees and charges added in connection with the supervised loan transaction.

Effective: July 1, 2002.

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January 7, 2002, read first time and referred to Committee on Insurance and Financial Institutions.

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Introduced

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 250

A BILL FOR AN ACT to amend the Indiana Code concerning consumer credit.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 24-4.5-3-508 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 508. Loan Finance
3 Charge for Supervised Loans ‡ (1) With respect to a supervised loan,
4 including a loan pursuant to a revolving loan account, a supervised
5 lender may contract for and receive a loan finance charge not
6 exceeding that permitted by this section.

7 (2) The loan finance charge, calculated according to the actuarial
8 method, may not exceed the equivalent of the greater of either of the
9 following:

10 (a) the total of:

11 (i) thirty-six percent (36%) per year on that part of the unpaid
12 balances of the principal which is three hundred dollars (\$300)
13 or less;

14 (ii) twenty-one percent (21%) per year on that part of the
15 unpaid balances of the principal which is more than three
16 hundred dollars (\$300) but does not exceed one thousand
17 dollars (\$1,000); and

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(iii) fifteen percent (15%) per year on that part of the unpaid balances of the principal which is more than one thousand dollars (\$1000); or

(b) twenty-one percent (21%) per year on the unpaid balances of the principal.

(3) This section does not limit or restrict the manner of contracting for the loan finance charge, whether by way of add-on, discount, or otherwise, so long as the rate of the loan finance charge does not exceed that permitted by this section. If the loan is precomputed,

(a) the loan finance charge may be calculated on the assumption that all scheduled payments will be made when due, and

(b) the effect of prepayment is governed by the provisions on rebate upon prepayment (IC 24-4.5-3-210).

(4) The term of a loan for the purposes of this section commences on the date the loan is made. Differences in the lengths of months are disregarded and a day may be counted as one-thirtieth (1/30) of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of fifteen (15) days may be treated as a full month if periods of fifteen (15) days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

(5) Subject to classifications and differentiations, the lender may reasonably establish and make the same loan finance charge on all principal amounts within a specified range. A loan finance charge does not violate subsection (2) if:

(a) when applied to the median amount within each range, it does not exceed the maximum permitted in subsection (2), and

(b) when applied to the lowest amount within each range, it does not produce a rate of loan finance charge exceeding the rate calculated according to paragraph (a) by more than eight percent (8%) of the rate calculated according to paragraph (a).

(6) The amounts of three hundred dollars (\$300) and one thousand dollars (\$1,000) in subsection (2) and thirty dollars (\$30) in subsection (7) are subject to change pursuant to the provisions on adjustment of dollar amounts (IC 24-4.5-1-106). For the adjustment of the amount of thirty dollars (\$30), the Reference Base Index to be used is the Index for October 1992.

(7) With respect to a supervised loan not made pursuant to a revolving loan account, the lender may contract for and receive a minimum loan finance charge of not more than thirty dollars (\$30).

(8) With respect to a supervised loan with a principal that is five hundred dollars (\$500) or less that is not made pursuant to a

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- 1 revolving loan account, the calculation of the loan finance charge
- 2 under subsection (2) must include participation fees and any other
- 3 fees or charges added in connection with the supervised loan
- 4 transaction.

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